

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

STARRED QUESTION NO:284

ANSWERED ON:05.12.2007

PLANNING AT GRASS ROOT LEVELS BY THE PANCHAYATS

Thomas Shri P.C.

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Government has taken initiatives for people's planning by which planning is done at the grass-root level by the Panchayats and local bodies as it obtains in Kerala;

(b) if so, the details thereof and if not, the reasons therefor; and

(c) the steps taken to strengthen the financial conditions of the Panchayats?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN PARTS (a), (b) & (c) FOR LOK SABHA STARRED QUESTION NO, 284 DUE FOR REPLY ON 5.12.2007 REGARDING PLANNING AT GRASS-ROOT LEVELS BY THE PANCHAYATS.

(a) & (b): Kerala commenced the process of decentralized planning through the people's planning campaign during the 9th Five Year Plan and continued the same approach during the 10 Plan. It has launched the next phase of People's Plan on 17th August 2007 to consolidate the gains of decentralized planning and address second generation issues to institutionalise decentralization in the State during the 11th Plan.

The Ministry of Panchayati Raj, Government of India has been very proactive in promoting decentralised planning with the States and UTs.

At the Second Round Table of State Ministers of Panchayati Raj held at Mysore in August 2004, it was resolved that the Planning Commission be requested to ensure that the 11th Plan begins with and is founded on District Plans prepared in accordance with the provisions of Part-IX and IX A of the Constitution. Following this, the Ministry of Panchayati Raj constituted an Expert Group on Grassroots Level Planning in May 2005, in order to work out the modalities and make suggestions regarding the process of district planning from the grassroots level upwards. Following the submission of the report of the Expert Group in March 2006, its suggestions were shared with the States and the Planning Commission. Based on the feedback received, the Planning Commission, have issued guidelines on 25.8.2006 to all States for preparation of district plans for the 11th Five Year Plan period. These guidelines set out the sequential steps for decentralized planning, through decentralised visioning and stocktaking exercises, followed by a planning exercise at each local, body level and consolidation and integration of these plans at the level of the District Planning Committee.

The process of district planning has begun in most States though the pace of progress varies from State to State.

The Ministry of Panchayati Raj has adopted in toto the Planning Commission's guidelines dated 25-8-06 for preparation of district plans for implementation of the Backward Regions Grant Fund (BRGF) Programme. The BRGF guidelines mandate that integrated development will commence with each district undertaking a diagnostic study of its backwardness by enlisting professional planning support. This will include the preparation of a baseline survey which can be used for undertaking evaluation at a later date. Each district is to prepare a well-conceived participatory district development perspective plan to address its backwardness, during 2006-07 and the period of the Eleventh Five Year Plan. The Panchayats at the village, intermediate and district level, referred to in Part IX of the Constitution, will undertake planning and implementation of the programme, in keeping with the letter and spirit of Article 243G, while the Municipalities referred to in Part IX A will similarly plan and implement the programme in urban areas in conformity with the letter and spirit of Article 243W, read with Article 243 ZD of the Constitution.

An advance of Rs. 10 lakhs per district has been released to the States preparation of district plans, with professional support from reputed institutions if necessary, in all 250 districts included under BRGF scheme.

(c): 'Sound finances' of the Panchayats is a Constitutional obligation enjoined on the States by Article 243 1. To this end, the devolution of finances to the three tiers of the Panchayati Raj System should be patterned on activity mapping for the devolution of functions and functionaries, thus securing effective devolution of powers to the PRIs through the linking of the devolution of finances to the devolution of functions and functionaries. Funds flow to Panchayats from three sources, namely, devolution from the Central Government, from, the State and own revenues. The key to effective performance by the Panchayat lies in the devolution of adequate

untied funds to them, so that they can perform their assigned public services. The State Finance Commissions (SFCs) set up under Article 243 J of the Constitution are required to review the financial position of the Panchayats and to make recommendations inter-alia regarding the determination of duties, tolls and fees which may be assigned to or appropriated by the Panchayats.

A consensus was reached at the First Round Table Conference of the State Ministers of Panchayati Raj, held in Kolkata in July 2004, that State Governments should prepare road maps for the inclusion of a PRI component in their budget, devolution of untied funds to the Panchayats and take steps to encourage PRIs to raise their own resources. This has been followed up with the States during the meetings of the Committee of State Secretaries of Panchayati Raj, Council of State Ministers of Panchayati Raj and the Joint Statement of Conclusions signed by Union Minister of Panchayati Raj with Chief Ministers of States and Union Territories. 22 Joint Statements of Conclusions have been signed so far.

The Ministry of Panchayati Raj organised a National Seminar on Panchayat Level Resource mobilization and efficient fiscal transfer on 6-7/11 July 2007. It was recommended there that the State Governments should assist the State Finance Commissions to lead policy work in respect of exploring the appropriate tax and non-tax revenue assignments to the Panchayats. Besides, State Governments while undertaking the assignment of tax revenues to Panchayats must try to ensure that each level of Panchayat is given a basket of at least one or two important tax handles.

The Twelfth Finance Commission has recommended a transfer of Rs. 20,000 crore to Panchayats from the Central Government for the period 2005-2010.

There is a need to considerably increase the absolute amounts devolved to the Panchayats by the Central Finance Commission as also to retain the primarily untied character of the same. The Ministry of Panchayati Raj aims to ensure that the 13th Finance Commission carries forward the process of devolution of untied non-plan grants and is taking preparatory steps in this regard. In pursuance of a decision taken in the third meeting of the Council of Ministers, held in August 2007 at Thiruvananthapuram, the Ministry of Panchayati Raj has constituted a separate sub-Committee of State Ministers, chaired by Professor Thomas Isaac, Finance Minister of Kerala to prepare detailed recommendations in this regard, that could be placed before the 13th Finance Commission when it is constituted.